



Department Description

The Risk Management Department manages the City's self-insured Workers' Compensation Programs; coordinates public liability and loss control measures intended to forecast and reduce the City's exposure to risks; administers employee health and safety programs, employee benefits contracts, and programs including employee savings plans, the Long-Term Disability Plan, and the Employee Assistance Program (EAP).

The Department's mission is:

To effectively prevent, control, and minimize the City's financial risk while providing optimum services to the City's employees and the public through the centralized administration of healthcare, safety, loss control, employee benefit, and other risk management programs

Goals and Objectives

The following goals and objectives represent the action plan for the Department.

Goal 1: Maintain good stewardship over City finances

In order for the City to operate in the most efficient and effective manner possible, the Department must serve as a good steward of the City's finances. It must promote cost effective strategies and continue to improve accountability within the Department. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Meet reserve policy targets
- Deliver services in a cost-effective manner

Goal 2: Reduce risk and loss exposure

In the past, the City focused on reacting to issues that arose. It is the Department's goal to reduce risk and loss exposure and create a more proactive culture within the City. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Promote and encourage behaviors that minimize loss
- Promote the importance of employee safety
- Identify and monitor loss metrics

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Goal 3: Promote the highest ethical standards and behavior among employees

Promote and enforce the City's ethical practices to ensure integrity, accountability, service, team support, openness, and diversity in the Department. The Department will move toward enhancing its accomplishment of this goal by focusing on the following objectives.

- Offer training to management and staff on ethical standards
- Management review of standards and ethical practices with staff on a regular basis

Service Efforts and Accomplishments

As a result of recent internal reviews and external operational assessments and rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan continues to increase all City departments' awareness of the areas where losses are occurring and where resources should be applied to reduce the volume and subsequent costs of incidents. The Safety and Environmental Health Division is working with City departments to develop aggressive, prevention-oriented programs intended to increase safety awareness and accountability while lowering injury rates and costs. The Workers' Compensation Division has implemented best practices for claims administration, including a Medical Provider Network for the optimal treatment of the City's injured workforce.

Budget Dollars at Work: Performance Expectations

Goal 1: Maintain good stewardship over City finances

| Performance Measure | Baseline FY2008 | Actual FY2009 | Target FY2010 |
|---|----------------------------|--------------------------|--------------------------|
| 1. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Long Term Disability | \$3.0 / 30% | \$3.0 / 30% | \$7.5 / 63% |
| 2. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Public Liability | \$0.0 / 0% | \$10.0 / 18% | \$17.1 / 15% |
| 3. Reserve balances in millions (and percentage of reserve goals) at the end of fiscal year for Workers' Compensation | \$19.5 / 20% | \$29.3 / 15% | \$34.3 / 22% |
| 4. Percent increase/decrease of largest HMO healthcare premiums from prior year relative to industry trend | 9.5% increase | 7.4% increase | 7.4% increase |
| 5. Ratio of workers' compensation claims by claim representative compared to industry standards | City: 159% | City: 155% | City: 159% |
| 6. Ratio of public liability claims by claim representative compared to industry standards | City: 155% | City: 129% | City: 184% |

Goal 2: Reduce risk and loss exposure

| Performance Measure | Baseline FY2008 | Actual FY2009 | Target FY2010 |
|---|----------------------------|--------------------------|--------------------------|
| 1. Percent of investigations resulting in Occupational Safety and Health Administration (OSHA) citations | 0% | N/A ¹ | 0% |
| 2. Percent of safety audits (conducted in departments with the largest workers' compensation exposure) found to have implemented best practices for employee safety | 86% | N/A ¹ | 100% |
| 3. Percent increase/decrease of average 'Recordable Injury Incident Rate' (injuries requiring medical | 5% increase | 3% increase | 10% decrease |

¹ Due to the conversion to OneSD and post-implementation work that resulted, the Department was unable to provide Fiscal Year 2009 actual data at time of publication, but expects have it in September 2009.

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| Performance Measure | Baseline FY2008 | Actual FY2009 | Target FY2010 |
|---|--------------------|------------------|------------------|
| attention beyond first aid) as compared to prior year for the seven largest departments ² | | | |
| 4. Percent increase/decrease of average 'Lost/Rest Rate' (accident cases per 100 full-time employees) as compared to prior year for the seven largest departments ² | 11% increase | 6% decrease | 10% decrease |
| 5. Percent increase/decrease of 'Lost Days' (lost days as a result of a work-related injury) as compared to prior year for the seven largest departments ² | 12% decrease | 4% decrease | 10% decrease |
| 6. Percent increase/decrease of workers compensation claims compared to prior year (as an indicator of safety program effectiveness) | 2% decrease | 12% decrease | 8% decrease |
| 7. Number of quarterly Safety Performance Reports that include statistics for the seven largest departments on preventable vehicle accidents (as a first step to initiating a campaign to reduce preventable vehicle accidents) | N/A | N/A | N/A ³ |
| 8. Percent increase/decrease of preventable accidents compared to prior year for the seven largest departments | 37% increase | N/A ¹ | N/A ³ |

Goal 3: Promote the highest ethical standards and behavior among employees

| Performance Measure | Baseline FY2008 | Actual FY2009 | Target FY2010 |
|---|--------------------|------------------|------------------|
| 1. Percent of staff attending citywide training on ethics and general citywide codes of conduct | N/A ¹ | N/A ¹ | 100% |

Budget Dollars at Work: Sizing and Workload Data

| | Actual FY2006 | Actual FY2007 | Actual FY2008 | Actual FY2009 | Target FY2010 |
|---|------------------|------------------|------------------|------------------|--------------------|
| Sizing Data | | | | | |
| Number of new employees enrolled in the City's benefit programs | 487 | 479 | 574 | N/A ¹ | 513 ³ |
| Number of health care programs provided | 21 | 21 | 13 | 8 | 8 |
| Workload Data | | | | | |
| Number of prevention-oriented training sessions provided by Risk Management | 25 | 22 | 37 | 59 | 22 |
| Number of safety audits completed | 7 | 7 | 7 | 1 | 7 |
| Number of public liability claims managed | 2,375 | 2,278 | 2,482 | 3,002 | 2,378 ³ |
| Number of workers' compensation claims managed | 3,723 | 3,878 | 3,879 | 4,361 | 3,827 ³ |
| Number of benefit changes processed by Risk Management | 2,968 | 2,264 | 1,932 | N/A ¹ | 2,388 ³ |
| Number of new requests for EAP consultations | 344 | 271 | 272 | 238 | 296 ³ |
| Number of EAP training sessions (sponsor or participant) | 32 | 28 | 41 | 24 | 28 |

² The seven largest departments are: Police, Fire-Rescue, Water, Metropolitan Wastewater, Environmental Services, General Services, and Park & Recreation.

³ Timely and accurate data is not available for this performance measure.

Risk Management

Department Summary

| Risk Management | | | | |
|-----------------------|---------------------|---------------------|---------------------|------------------------|
| | FY 2008 BUDGET | FY 2009 BUDGET | FY 2010 FINAL | FY 2009-2010 CHANGE |
| Positions | 84.25 | 82.75 | 82.25 | (0.50) |
| Personnel Expense | \$ 7,397,451 | \$ 7,139,753 | \$ 6,748,446 | \$ (391,307) |
| Non-Personnel Expense | \$ 1,676,483 | \$ 1,728,357 | \$ 2,351,759 | \$ 623,402 |
| TOTAL | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 | \$ 232,095 |

Department Staffing

| | FY 2008 BUDGET | FY 2009 BUDGET | FY 2010 FINAL |
|---------------------------------------|-------------------|-------------------|------------------|
| RISK MANAGEMENT ADMINISTRATION | | | |
| Risk Management | | | |
| Administration | 7.00 | 7.00 | 7.50 |
| Employee Benefits | 17.00 | 17.00 | 17.50 |
| Public Liability & Loss Recovery | 17.00 | 17.00 | 17.00 |
| Safety & Environmental Health | 9.00 | 9.00 | 9.00 |
| Workers' Compensation | 34.25 | 32.75 | 31.25 |
| Total | 84.25 | 82.75 | 82.25 |

Department Expenditures

| | FY 2008 BUDGET | FY 2009 BUDGET | FY 2010 FINAL |
|---------------------------------------|---------------------|---------------------|---------------------|
| RISK MANAGEMENT ADMINISTRATION | | | |
| Risk Management | | | |
| Administration | \$ 910,114 | \$ 906,128 | \$ 930,248 |
| Employee Benefits | \$ 1,377,026 | \$ 1,584,343 | \$ 1,864,381 |
| Public Liability & Loss Recovery | \$ 1,907,775 | \$ 1,737,571 | \$ 1,687,488 |
| Risk Management | \$ 25,043 | \$ (163,072) | \$ (233,512) |
| Safety & Environmental Health | \$ 869,972 | \$ 934,157 | \$ 916,603 |
| Workers' Compensation | \$ 3,984,004 | \$ 3,868,983 | \$ 3,934,997 |
| Total | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 |

Risk Management

Significant Budget Adjustments

RISK MANAGEMENT ADMINISTRATION

| Risk Management | Positions | Cost | Revenue |
|--|-----------|--------------|-----------|
| Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2009 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and labor negotiation adjustments. | 0.00 \$ | (220,362) \$ | 0 |
| Non-Discretionary Adjustment Adjustments to expense allocations that are determined outside of the department's direct control. These adjustments are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent. | 0.00 \$ | 534,625 \$ | 0 |
| Equipment/Support for Information Technology Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses. | 0.00 \$ | 88,777 \$ | 0 |
| Revised Revenue Adjustment to reflect Fiscal Year 2010 revenue projections. | 0.00 \$ | 0 \$ | 1,990,728 |
| ERP Backfill Reduction Reduction of limited positions and/or revenue that were added in the Fiscal Year 2009 Annual Budget for the purpose of backfilling positions required to work on the City's OneSD Project. | (0.50) \$ | (28,808) \$ | (29,401) |
| Vacancy Savings Adjustments to personnel expenses to reflect the anticipated savings resulting from positions projected to be vacant for any period of the fiscal year due to personnel attrition and salary differentials for new employees. | 0.00 \$ | (142,137) \$ | 0 |

Expenditures by Category

| | FY 2008 BUDGET | FY 2009 BUDGET | FY 2010 FINAL |
|---------------------------|-------------------|-------------------|---------------------|
| PERSONNEL | | | |
| Salaries & Wages | \$ 4,765,050 | \$ 4,634,618 | \$ 4,374,601 |
| Fringe Benefits | \$ 2,632,401 | \$ 2,505,135 | \$ 2,373,845 |
| SUBTOTAL PERSONNEL | \$ 7,397,451 | \$ 7,139,753 | \$ 6,748,446 |
| NON-PERSONNEL | | | |
| Supplies & Services | \$ 747,793 | \$ 867,728 | \$ 1,425,538 |
| Information Technology | \$ 879,766 | \$ 809,557 | \$ 873,605 |
| Energy/Utilities | \$ 41,022 | \$ 43,170 | \$ 48,156 |

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Expenditures by Category

| | FY 2008 BUDGET | FY 2009 BUDGET | FY 2010 FINAL |
|-------------------------------|-------------------|-------------------|------------------|
| NON-PERSONNEL | | | |
| Equipment Outlay | \$ 7,902 | \$ 7,902 | \$ 4,460 |
| SUBTOTAL NON-PERSONNEL | \$ 1,676,483 | \$ 1,728,357 | \$ 2,351,759 |
| TOTAL | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 |

Salary Schedule

RISK MANAGEMENT ADMINISTRATION

Risk Management

| <i>Class</i> | <i>Position Title</i> | <i>FY 2009 Positions</i> | <i>FY 2010 Positions</i> | <i>Salary</i> | <i>Total</i> |
|------------------------------|-------------------------------------|------------------------------|------------------------------|---------------|---------------------|
| 1105 | Administrative Aide I | 0.50 | 0.50 | \$ 42,244 | \$ 21,122 |
| 1218 | Assoc Management Analyst | 1.00 | 1.00 | \$ 61,687 | \$ 61,687 |
| 1256 | Benefits Representative II | 9.00 | 9.00 | \$ 38,215 | \$ 343,936 |
| 1340 | Claims Aide | 9.00 | 9.00 | \$ 43,197 | \$ 388,772 |
| 1341 | Claims Clerk | 12.75 | 12.75 | \$ 36,054 | \$ 459,685 |
| 1343 | Claims Representative II | 18.50 | 18.50 | \$ 61,192 | \$ 1,132,058 |
| 1349 | Info Systems Analyst III | 1.00 | 1.00 | \$ 69,453 | \$ 69,453 |
| 1391 | Supv Claims Representative | 4.00 | 4.00 | \$ 73,971 | \$ 295,885 |
| 1406 | Employee Assistance Counselor | 1.00 | 1.00 | \$ 60,587 | \$ 60,587 |
| 1417 | Employee Benefits Specialist I | 2.00 | 2.00 | \$ 52,198 | \$ 104,396 |
| 1429 | Employee Assistance Program Manager | 1.00 | 1.00 | \$ 78,109 | \$ 78,109 |
| 1535 | Clerical Assistant II | 4.00 | 3.50 | \$ 34,340 | \$ 120,190 |
| 1811 | Rehabilitation Coordinator | 1.00 | 1.00 | \$ 68,026 | \$ 68,026 |
| 1816 | Claims & Insurance Manager | 3.00 | 3.00 | \$ 80,488 | \$ 241,464 |
| 1823 | Safety Officer | 2.00 | 2.00 | \$ 67,324 | \$ 134,648 |
| 1826 | Safety Representative II | 4.00 | 4.00 | \$ 58,546 | \$ 234,185 |
| 1876 | Executive Secretary | 1.00 | 1.00 | \$ 49,992 | \$ 49,992 |
| 1879 | Sr Clerk/Typist | 1.00 | 1.00 | \$ 41,822 | \$ 41,822 |
| 1917 | Supv Management Analyst | 1.00 | 1.00 | \$ 77,888 | \$ 77,888 |
| 1937 | Sr Claims Representative | 3.00 | 3.00 | \$ 67,764 | \$ 203,292 |
| 1972 | Safety & Training Manager | 1.00 | 1.00 | \$ 77,550 | \$ 77,550 |
| 2157 | Risk Management Director | 1.00 | 1.00 | \$ 130,224 | \$ 130,224 |
| 2214 | Deputy Director | 1.00 | 1.00 | \$ 113,490 | \$ 113,490 |
| | Vacancy Factor Adjustment | 0.00 | 0.00 | \$ - | \$ (142,137) |
| | Furlough Savings | 0.00 | 0.00 | \$ - | \$ (81,723) |
| | Ex Perf Pay-Classified | 0.00 | 0.00 | \$ - | \$ 4,224 |
| | Temporary Help | 0.00 | 0.00 | \$ - | \$ 85,776 |
| | Total | 82.75 | 82.25 | \$ | \$ 4,374,601 |
| RISK MANAGEMENT TOTAL | | 82.75 | 82.25 | \$ | \$ 4,374,601 |

Risk Management

Revenue and Expense Statement (Non-General Fund)

| RISK MANAGEMENT ADMINISTRATION 50061 | FY 2008* BUDGET | FY 2009* BUDGET | FY 2010 FINAL |
|---|----------------------------------|----------------------------------|--------------------------------|
| BEGINNING BALANCE AND RESERVE | | | |
| Balance from Prior Year | \$ - | \$ 2,269,022 | \$ 2,004,626 |
| TOTAL BALANCE | \$ - | \$ 2,269,022 | \$ 2,004,626 |
| REVENUE | | | |
| City Contributions - General Fund | \$ 6,043,385 | \$ 4,645,385 | \$ 7,866,177 |
| City Contributions - Other Funds | \$ 3,030,549 | \$ 1,953,703 | \$ 29,402 |
| TOTAL REVENUE | \$ 9,073,934 | \$ 6,599,088 | \$ 7,895,579 |
| TOTAL BALANCE AND REVENUE | \$ 9,073,934 | \$ 8,868,110 | \$ 9,900,205 |
| OPERATING EXPENSE | | | |
| Operating Expenses | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 |
| TOTAL OPERATING EXPENSE | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 |
| TOTAL EXPENSE | \$ 9,073,934 | \$ 8,868,110 | \$ 9,100,205 |
| RESERVE | | | |
| Reserve | \$ - | \$ - | \$ 800,000 |
| TOTAL RESERVE | \$ - | \$ - | \$ 800,000 |
| BALANCE | \$ - | \$ - | \$ - |
| TOTAL EXPENSE, RESERVE, AND BALANCE | \$ 9,073,934 | \$ 8,868,110 | \$ 9,900,205 |

* The Fiscal Years 2008 and 2009 columns reflect final budget amounts from the Fiscal Year 2008 and 2009 Annual Budgets. As such, balances and reserves do not reflect carryover from the previous fiscal year.